

May 13, 1999

Honorable Debra Bowen, Chair
Senate Committee on Energy, Utilities and Communications
State Capitol, Room 4040
Sacramento, CA 95814

Dear Senator Bowen:

This is in response to your invitation to speak at the May 13, 1999, informational hearing of the Committee, addressing water supply and water quality issues associated with future ownership and operation of utilities' hydroelectric assets.

The connection between the CALFED Bay-Delta Program and ownership of hydroelectric facilities is not immediately obvious, so I would like to begin with some background material on the Program and on the connections between Program issues and hydroelectric facility issues.

The CALFED Bay-Delta Program is an effort of State and federal agencies, working with elected officials and a wide spectrum of stakeholders, to fashion an approach to resolving environmental and water management issues that are focused on the San Francisco Bay - Sacramento - San Joaquin Delta estuary. The Program is developing approaches to issues in four interrelated areas: water quality, ecosystem health, levee system stability, and water supply reliability. CALFED is working to bring various activities - some new, others ongoing - into a coordinated program to address Bay-Delta system issues.

To help coordinate program actions, CALFED is developing a water management strategy. In developing this strategy, CALFED will evaluate the economics, flexibility, and environmental effects of various water management approaches, including:

- water transfers
- water conservation
- water recycling
- watershed management
- water quality control
- water project management in real-time mode
- water storage

CALFED Agencies

California The Resources Agency
 Department of Fish and Game
 Department of Water Resources
 California Environmental Protection Agency
 State Water Resources Control Board

Federal Environmental Protection Agency
 Department of the Interior
 Fish and Wildlife Service
 Bureau of Reclamation
 U.S. Army Corps of Engineers

Department of Agriculture
Natural Resources Conservation Service
Department of Commerce
National Marine Fisheries Service

Honorable Debora Bowen
May 13, 1999
Page 2

Water storage differs from the other water management approaches, in that water storage facilities generally require significant initial financial investment, present less opportunity for incremental implementation, and are less conducive to adaptive management. Therefore, to guide use of water storage in the broader water management strategy, CALFED is developing an Integrated Storage Investigation (ISI). The ISI is described in greater detail in the attachment. In brief, the ISI will include evaluations of:

- groundwater storage
- surface storage
- fish barriers
- hydropower facility reoperation

Hydropower facility reoperation is included in the ISI because an integrated investigation should consider all forms of storage, including existing and new facilities.

We have already begun work on the ISI. With reference to hydropower facility reoperation, we are now collecting data on reservoir storage capacities and operational rules. We intend to begin a preliminary assessment of water supply yields once that data is available, and we expect to complete that preliminary assessment in two to three months after all necessary data has been collected. Our current estimate is that this preliminary assessment should be completed about the end of August.

Even though we are just now starting our analytic effort, we have reviewed efforts by others to evaluate water supply effects from reservoir reoperation. To date, we have seen no analysis that supports expectations of extraordinarily large yields of water supply from reoperation of reservoirs operated by electric utilities. However, the ISI may indicate that some extra yields may be available on localized basis from reservoir reoperations. Additionally, reservoir reoperation may provide a mechanism to adjust timing of streamflows and help meet ecosystem restoration goals. Examination of these potential effects will be included in the ISI.

On a longer time scale, the ISI will focus initially on programmatic, system-wide interrelationships. CALFED will then work with the involved agencies and stakeholders to fill in detailed system-wide, regional, and local evaluations. The ISI will be an ongoing

Honorable Debora Bowen

May 13, 1999.

Page 3

process, and information developed through the ISI will be used in ongoing decisions about the proper mix of storage in the Bay-Delta system.

I hope this information is helpful to the Committee in its discussions on water supply and water quality issues associated with future ownership and operation of utilities' hydroelectric assets.

Sincerely,

A handwritten signature in black ink, appearing to read "Lester A. Snow", with a long horizontal flourish extending to the right.

Lester A. Snow
Executive Director